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Subject Code—7341

M. Com. (Part II) EXAMINATION

FINANCE

MC-205-F

Corporate Taxation

(Optional Paper Gr-I)

Time : 3 Hours

Maximum Marks : 100

Note : Attempt *Five* questions in all. Q. No. 1 is compulsory. All questions carry equal marks.

1. (a) Name *five* incomes which though connected with land are not agricultural income.
- (b) When is a foreign company treated as 'Resident in India' ?
- (c) Which incomes are included in the total income of an assessee but a rebate of income-tax is given at average rate ?

(1-05)

P.T.O.

- (d) What perquisites are taxable in the hands of all employees ? Only name such perquisites.
- (e) When is audit compulsory in case of a businessman or a professional person ?
- (f) What is the treatment of dividend income of an individual ?
- (g) Which incomes are excluded from inclusion in the total income of a HUF ?
- (h) Differentiate between tax evasion and tax avoidance.
- (i) What is CBDT and who appoints the members of CBDT ?
- (j) What is the importance of valuation date for Wealth Tax purposes ? 10×2

2. A cooperative society submits the following details of its income for the year ended on 31st March, 2006. Calculate its tax liability for the Assessment Year 2006-07 : 20

- (a) Profits from the industry set up on 1st Jan., 1994 in notified backward area Rs. 1,45,900.

- (b) Rent received from house property let out for residential purpose Rs. 10,000.
- (c) Income from providing credit facilities to its members Rs. 35,000.
- (d) Taxable income from letting godowns for the storage and processing of goods Rs. 7,000.
- (e) Income from interest on listed securities Rs. 5,000.
- (f) Interest on Fixed Deposit with M.P. Cooperative Bank Rs. 3,000.
- (g) Loss of the Electronic Business carried forward Rs. 16,000. This business was discontinued during 1998-99.
- (h) Income from sale of agricultural produce grown by its members Rs. 18,000.

Expenditure relating to house property let out debited to P&L A/c are as follows :

- (a) Repairs Rs. 4,000.
- (b) Municipal Tax Rs. 10,000.
- (c) Rent collection charges Rs. 500.

The society gave donation to M.P. Govt. for Medical Relief Fund Rs. 10,000.

3. "Income from every house is not taxable under the head 'Income from House Property', Income of some house is totally exempt whereas the income of some is only included in total income. They are not taxed." Discuss the statement. Distinguish between 'Annual Value' and 'Income from House Property'. 20
4. "Interest on securities is not considered as accruing from day to day, but it accrues on certain fixed dates." Discuss. How is the avoidance of tax in purchase and sale transactions prevented? 20
5. Discuss any *five* instances when an assessee has a statutory obligation to deduct tax at source and consequences of non-compliance. 20
6. Describe the procedure for obtaining refund of tax already paid. What are the circumstances and limitations under which such a claim is allowed? 20

7. Compute the net wealth and wealth tax of Mr. Sharma, a resident individual as on 31-3-2006 from the following : 20

- (a) House property at Chandigarh valued at Rs. 15,00,000 occupied by a firm in which he is a partner.
- (b) 600 square metre land at Ludhiana valued at Rs. 25 Lac.
- (c) House property at Kolkata valued at Rs. 12 lakh used for self residence.
- (d) Vehicles for personal use :

	Market Value
	Rs.
Motor Car	3,00,000
Jeep	2,50,000
Motor Van	1,50,000
(e) Cash in hand	5,00,000
(f) Jewellery	25,00,000
(g) House situated at Delhi let out at annual rent of Rs. 2,00,000	30,00,000

- (h) Agricultural land in Amritsar 1,20,000
- (i) Urban aricultural land forming
part of impartible estate of which
Mr. Sharma is the holder 6,00,000
- (j) Fixed Deposit with Bank 10,00,000
- (k) Coparcenary interest in
HUF Property 2,00,000
- (l) He has taken loan of Rs. 5,00,000 to
purchase Kolkata house.

8. Your company's director (personnel) requires you to suggest a scheme for remuneration to employees that will be beneficial both, the company and employees, from tax point of view. As a company secretary, outline the various considerations that you will include in your report.

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